

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held May 10, 2013 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Chair Ben VanderWeele called the meeting to order at 1:05 p.m.

Board members present and establishing a quorum were:

Mr. Ben VanderWeele, Chair
Mr. John Schirack, Vice Chair
Mr. Al Poindexter, Board member
Mr. Stuart Davies, Board member (telephone)
Ms. Deidre Berberich, Board member
Mr. Chris Flickinger, Board member (telephone)
Mr. Troy Shelden, Board member

Staff in attendance was:

Mr. Ed Fogels, DNR Commissioner (telephone)
Ms. Franci Havemeister, Director
Ms. Lora Haralson, Administrative Officer I
Mr. Robert McFarlane, AAG, Dept. of Law
Ms. Amanda Swanson, ARLF Loan Officer
Ms. Olga Lotosh, ARLF Accountant
Ms. Olga Krivonosova, Legislative Audit
Mr. Erik Johnson, Natural Resource Specialist II

B. APPROVAL OF AGENDA

MOTION: Vice Chair Schirack moved to approve the agenda.

SECOND: Board member Berberich seconded the motion.

No objections were received.

The agenda was approved.

C. PUBLIC COMMENTS/SESSION

(No public comments were made).

D. MINUTES OF PRECEDING MEETINGS

April 9, 2013 Draft Meeting Minutes

MOTION: Board member Poindexter moved to approve the minutes of April 9, 2013.

SECOND: Board member Flickinger seconded the motion.

VOTE: The motion passed without objection.

E. CONFLICT OF INTEREST DISCLOSURES

Chair VanderWeele stated now is the time for conflict disclosures. You have the agenda outlining pending business and we will be going into executive session later to address loan requests. Does any member have a conflict to disclose relating to any business before the board?

(No conflicts we reported.)

F. REPORTS/CORRESPONDENCE

Deputy Commissioner Fogels gave an update from the 28th legislative session:

- The Farm to School program was funded for another year.
- HCR01 passed establishing a food working group. The Department of Natural Resource (DNR) is now working closely with the Governor's office.
- HB 207 was introduced during the last days of the session. The bill combines the Board of Agriculture & Conservation (BAC) with the Natural Resource Conservation District Board (NRCDB) and moves the Agricultural Revolving Loan Fund (ARLF) to the Department of Commerce and Economic Development. This bill is a serious piece of legislation and it is proposing a lot of changes. The BAC will need to weigh in and give DNR feedback about the bill.
- SB 27 "An Act establishing authority for the state to evaluate and seek primacy for administering the regulatory program for dredge and fill activities allowed to individual states under federal law and relating to the authority; and providing for an effective date." This bill puts the State on course to administer wetland permits.
- HB 77 did not pass this session but will be reintroduced next session. There are a lot of changes in the DNR statutes and the bill affects all types of resources including agriculture.
- Thanked Director Havemeister for the Farm bureau meetings that have been held regarding land, education and research.

Chair VanderWeele asked about the issue with the City of Palmer regarding the Department of Environmental Conservation (DEC).

Director Havemeister stated a meeting was held this past week with the City of Palmer and the other property owners. An EPA Brownfield assessment will be done and permission was granted to move forward with access for the Palmer Mat Maid property.

Board member Poindexter stated he would like the Department of Education to be involved with HCR01.

Deputy Commissioner Fogels indicated he has had conversations with Mike Schultz in Delta and Mr. Schultz is interested in obtaining the Alaska Farmers Coop.

Director Havemeister:

1. Division Update/Division Newsletter:

- A meeting was held at the Plant Materials Center with the University of Fairbanks regarding cooperation and collaboration with the Division of Agriculture.
- The Farm to School program was funded and is now scheduled to sunset on June 30, 2014.
- An additional \$3 million was given to the Department of Commerce and Economic Development for the Nutritional Alaskan Foods for School Program (NAFS).
- Final stages are in the process for hiring a new FFA state advisor.

ARLF Loan Officer Swanson:

2. Presented the ARLF Interest Rates

Reviewed the ARLF interest rates in comparison with other agriculture lending agencies.

Distributed and reviewed scenarios if the interest rates were lowered.

The Board held a discussion.

Deputy Commissioner Fogels stated recapitalization of the ARLF is in the DNR long range plan.

3. Reviewed the Applications in Process

(The Board had no questions regarding the applications in process).

4. Asset Report

Reviewed the April 2013 asset report.

ARLF Accountant Lotosh:

5. Financial Reports

Presented the March, 2013 financials.

The Board held a discussion.

AAG McFarlane:

6. Public Session Report

Presented the public session report.

Discussed the Palmer Mat Maid property meeting and HB 207.

HB 207 discussion:

Chair VanderWeele asked what is the NRCDB.

Board member Poindexter stated the NRCDB is an advisory board to the Governor for the Soil & Water Conservation Districts.

Vice Chair Schirack stated the Board needs to reach out to our Representatives and educate them on the BAC. If the ARLF is moved to the Department of Commerce and Economic Development it will not survive.

Board member Poindexter is concerned about ARLF going to the Department of Commerce and Economic Development because most of the people who work there do not have any connection with agriculture. However, he stated combining the NRCDB board with the BAC board would be a good move.

Chair VanderWeele is also concerned that if ARLF is taken out of the Division of Agriculture, the inspectors will be next and would be moved to the Department of Environmental Conservation and then the marketing section would be moved to the Department of Commerce and Economic Development and then the agriculture land section will be moved to the Division of Mining Land & Water. These moves would eliminate the Division of Agriculture. Palmer is the heart of agriculture and he is firmly opposed to move the ARLF to the Department of Commerce and Economic Development.

Deputy Commissioner Fogels stated that Representative Feige came to a Farm Bureau meeting held in December and had indicated he was working on the bill. Deputy Commissioner Fogels stated the reason that Representative Feige introduced the bill was to alleviate the burden of approving loans from the Board to free them up to discuss other agriculture issues. Deputy

Commissioner Fogels suggested that Representative Feige be invited to the next Farm Bureau working group meeting because he really needs to hear from the farming community about his bill.

Board member Poindexter stated it frustrates him that a politician has not attended a BAC or NRCDB meeting. Representative Feige did not contact any of the board members before he introduced the bill. He didn't involve the principal people that the bill will effect.

Deputy Commissioner Fogels stated he will be having a meeting soon with Representative Feige and will discuss these issues. Deputy Commissioner Fogels understands the feelings of the Board but Representative Feige is an honorable hard working man. If Representative Feige is contacted he will listen to the farming community.

Vice Chair Schirack indicated there was no outreach to any of the board members or the farming community before the bill was introduced.

Chair VanderWeele will invite Representative Feige to the next Mat Valley Farm Bureau meeting and the next BAC meeting and wants him placed on the agenda.

Board member Flickinger indicated there are some good points and bad points that were discussed at the Kodiak Soil & Water Conservation meeting. Combining the BAC and NRCDB might be good but the consensus to move ARLF to the Department of Commerce and Economic Development would not be a good move.

G. EXECUTIVE SESSION

MOTION: Board member Davies moved to go into Executive Session to review the Wrigley S loan and Williams S loan, ARLF Aging/Delinquency report and the AAG Report.

SECOND: Vice Chair Schirack seconded the motion

The Executive Session for the Wrigley S loan, Williams S loan, AAG Report and the Aging/Delinquency report included Chair Ben VanderWeele, Vice Chair John Schirack, Board member Stuart Davies (telephone), Board member Deidre Berberich, Board member Chris Flickinger (telephone), Board member Troy Shelden, Board member Al Poindexter, Ms. Olga Krivonosava, Legislative Audit, Mr. Ed Fogels, DNR Deputy Commissioner (telephone), AAG Robert McFarlane, Director Franci Havemeister, ARLF Loan Officer Amanda Swanson and Administrative Officer Lora Haralson.

PUBLIC SESSION ACTION ITEMS

7. Wrigley Short-Term Loan Approved

MOTION: Board member Shelden moved to approve the Wrigley Farms, LLC – S loan as recommended by the Loan Officer:

1. \$70,000.00 @ 3.00% one year payable by monthly payments beginning July, 2013.
2. Standard Security Agreement & UCC filing statement.
3. Property Insurance with ARLF as Loss Payee.

SECOND: Board member Davies seconded the motion.

SUBJECT

TO: Two additional pieces of collateral be submitted to the loan officer.

VOTE: The motion passed without objection.

8. Willams Short-Term Loan Approved

MOTION: Board member Berberich moved to approve the Thomas E. Williams – S loan as recommended by the Loan Officer:

1. \$60,000.00 @ 3.00% payable by quarterly payments beginning August 1, 2013.
2. Secured by Deed of Trust.
3. Property Insurance with ARLF as Mortgagee & Loss Payee.

SECOND: Board member Poindexter seconded the motion.

VOTE: The motion passed without objection.

Chair VanderWeele stated that Representative Feige came to the Alaska Rural Rehabilitation Corp. (ARRC) early this winter and asked them to take over the ARLF portfolio. The ARRC had a special meeting and determined they did not want the ARLF because it has too many liabilities.

H. NEW/OLD BUSINESS:

(No new/old business).

I. BOARD MEMBER COMMENTS:

(The Board had no comments).

J. SET NEXT MEETING & AGENDA ITEMS

The next Board of Agriculture & Conservation meeting will be held on Thursday, June 27, 2013 at 1:00 p.m.

K. ADJOURNMENT: The meeting was adjourned at 3:40 p.m.